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VIA HAND DELIVERY

Dockets Section
U. S. Department of Transportation
400 Seventh Street, S.W.
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Re: U.S.-China Air Services
Docket No. **OST-99-5539-11**

To All Parties in Docket OST-99-5539:

Attached is a corrected Page 14 to the Consolidated Answer of United Air Lines, Inc. filed in the above docket on April 26, 1999. This corrected page is being filed to delete the text of footnote 11, which was erroneously included due to a mis-communication. We regret any inconvenience this may have caused.

Sincerely,



Jeffrey A. Manley

JAM:cpg

cc: Attached Service List by fax.

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Federal Express and other carriers already operate numerous flights, both combination and all-cargo, to Hong Kong. Shenzhen is effectively a suburb of Hong Kong, located only a few miles from the Hong Kong airport.” Federal Express claims that service to Shenzhen via Hong Kong is “inefficiently” offered by foreign carriers. Federal Express, therefore, seeks to gain some advantage over other carriers which are serving Shenzhen via Hong Kong.

If Shenzhen were located in a country where air services were not subject to the stringent bilateral controls applicable to U. S.-China services, Federal Express should be free to operate the service it proposes between its Asian hub and Shenzhen, even though such service largely duplicates existing service to Hong Kong. Whether its Shenzhen-Subic Bay service would be economically viable would then be determined by the marketplace. However, given the need to allocate frequencies for U.S.-China services among and between U.S. combination and all-cargo services, it would be a serious waste of frequencies to allow Federal Express to use them for the service it proposes between Subic Bay and Shenzhen, especially in light of the alternative services available either at Hong Kong or by adding a stop at Shenzhen on other Federal Express flights serving China.¹²

¹¹ [Not used.]

¹² Federal Express is already holding out daily express service to Shenzhen and Guangzhou as well as Beijing and Shanghai. It offers service between the U.S. and Shenzhen in 2 or 3 business days, depending on the direction. See http://fedex.com/cgi-bin/DS_apacdestimes.cgi?shenzhen&cn (Read on April 25, 1999). To give Federal Express six frequencies at the expense of United’s new nonstop combination passenger/cargo services between the U. S. and China for an unspecified but marginal improvement in its services to Shenzhen would be a waste of these valuable and limited resources.

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